

QUARTERLY REPORT
September 30,

2005

COMINAR REAL ESTATE INVESTMENT TRUST

November 9, 2005



COMINAR
www.cominar.com

THIRD QUARTER

September 30, 2005

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COMINAR REAL ESTATE INVESTMENT TRUST

Message to Unitholders

We are pleased to present the financial results of Cominar Real Estate Investment Trust for the third quarter ended September 30, 2005. Detailed explanations about our results and financial position are provided in the management discussion and analysis included in this quarterly report, followed by comparative interim consolidated financial statements and accompanying notes.

Operating revenues for the quarter ended September 30, 2005 amounted to \$29.8 million, an increase of 10.0% compared with the corresponding quarter of 2004. Net operating income for the quarter was up 10.2% to \$19.0 million. Distributable income stood at \$11.8 million, or \$0.362 per unit, compared with \$11.0 million, or \$0.345 per unit, in the third quarter of 2004. This allowed us to pay a total of \$9.8 million in distributions to unitholders, up 4.5% over the corresponding period in 2004. Funds from operations increased by 8.5% over the third quarter of 2004 to reach \$13.4 million.

At the end of the third quarter, our occupancy rate remained stable at 95.3%. Our debt to gross book value ratio stood at 49.6%, in keeping with our prudent debt management policy.

Third quarter results are in line with our expectations and reflect the quality of our property management as well as our successful acquisition and development strategy. Given our goal of growing unitholders distributions and the rise in property prices, we will remain very selective about the acquisitions and developments we pursue.

Despite the continued increases in property prices, we made two acquisitions during the third quarter totaling \$1.5 million and completed an \$0.8 million development project. We currently have 11 development projects at various stages of completion representing 838,000 square feet of leasable space and a \$50.4 million investment. All of these developments have capitalization rates that are substantially higher than those dictated by current conditions in the commercial property market.

Given the strength of our existing portfolio, the developments that should come on board this year, the commitment of our team, our acquisition and property development capabilities, and our solid financial position, we remain confident that we will end the year on a solid note.



Michel Dallaire, P.Eng.
President and Chief Executive Officer
November 9, 2005

COMINAR REAL ESTATE INVESTMENT TRUST

Management Discussion and Analysis

This management discussion and analysis ("MD&A") comments on the operations, results, financial condition and cash flows of Cominar Real Estate Investment Trust ("Cominar", the "REIT", "we" or "us") for the third quarter ended September 30, 2005 and 2004. It should be read in conjunction with the consolidated financial statements, accompanying notes and MD&A contained in the 2004 Annual Report.

The interim consolidated financial statements have been prepared in accordance with the recommendations of the Canadian Institute of Chartered Accountants ("CICA"). In compliance with National Instrument 51-102 of the Canadian Securities Authorities, we hereby notify readers that the interim consolidated financial statements for the periods ended September 30, 2005 and 2004 have not been examined by Cominar's auditors.

FORWARD-LOOKING STATEMENTS

The MD&A is intended to facilitate the understanding of the interim consolidated financial statements and accompanying notes, so that investors can gain a better understanding of Cominar's future direction and make informed investment decisions. This discussion and analysis may include objectives, projections, estimates, expectations, forecasts and predictions by Cominar or management that are forward-looking. Positive or negative verbs such as "believe", "plan", "estimate", "expect" and "evaluate" are used in connection with these forward-looking statements. Cominar cautions readers that, by their very nature, forward-looking statements involve major risks and uncertainties such that Cominar's actions, results and financial position could differ significantly from those indicated, whether explicitly or implicitly.

SIGNIFICANT ACCOUNTING POLICIES

Cominar's accounting policies are essential to the understanding and interpretation of the unaudited interim consolidated financial statements for the three-month period ended September 30, 2005. Note 2 to the financial statements includes a summary of our accounting policies. Our significant accounting policies and methods of application are identical to those used in the preparation of our audited consolidated financial statements for the 2004 fiscal year, which were discussed in our MD&A for the year ended December 31, 2004.

OUR OPERATIONS

Cominar is an unincorporated closed-end investment trust governed by the laws of the Province of Quebec and constituted pursuant to a Contract of Trust. The REIT's units and convertible debentures are publicly traded and listed on the Toronto Stock Exchange (TSX) under the symbols CUF.UN and CUF.DB, respectively.

The REIT is one of the largest commercial property owners and managers in the Province of Quebec. As at September 30, 2005, Cominar's real estate portfolio included 125 office, retail, and industrial and mixed-use buildings in the Greater Montreal and Quebec City regions. The following table shows Cominar's portfolio as at September 30, 2005:

Real Estate Portfolio

	Office		Retail		Industrial and Mixed-Use		Total	
	No	Leasable Area (sq.ft.)	No	Leasable Area (sq.ft.)	No	Leasable Area (sq.ft.)	No	Leasable Area (sq.ft.)
Income properties	14	2,220,000	27	2,430,666	84	4,816,506	125	9,467,172

Cominar's objectives are to deliver to its unitholders growing cash distributions and to maximize unitholder value through proactive management and accretive growth of its portfolio. In order to meet these goals, management has implemented a flexible and prudent growth strategy, the primary components being as follows:

- A flexible expansion policy that rapidly adapts to market conditions and targets acquisitions or developments, depending on the anticipated potential return
- A well-balanced segmented diversification among office, retail and industrial and mixed-use properties
- Geographical diversification between the Montreal and Quebec City areas, while maintaining dominant presence in the Quebec City market
- Prudent debt and financial management

Cominar has a distribution reinvestment plan for its unitholders that allows participants to reinvest their monthly cash distributions in additional Cominar units at an effective discount of 5%. Additional information and enrolment forms are available at www.cominar.com or through our transfer agent.

OPERATING RESULTS

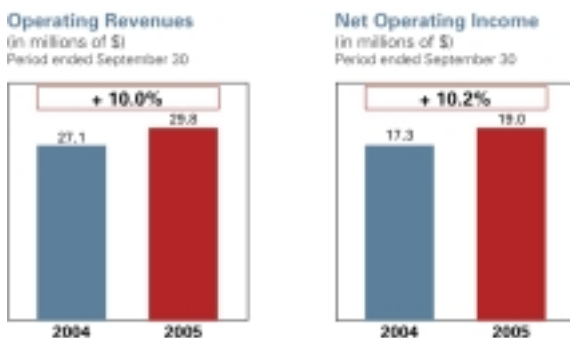
Operating revenues for the third quarter ended September 30, 2005 grew by 10.0% over the third quarter of 2004, from \$27.1 million to \$29.8 million. This 10% increase is in line with the trend observed since the beginning of the year. For the first nine months of the fiscal year, operating revenues increased by \$8.5 million, or 10.4%, to \$90.9 million. Our growth was generated by acquisitions and developments completed in 2004 and 2005.

Net operating income totaled \$19.0 million, up by 10.2% over the corresponding quarter of 2004. The net operating income to operating revenues ratio stood at 63.8%, which is comparable to the previous corresponding quarter. For the first nine months ended September 30, 2005, net operating income grew by 9.6% to reach \$54.2 million while the net operating income to operating revenues ratio was 59.7%, which is also comparable with the previous corresponding period. The increase in net operating income for the third quarter and the nine-month period ended September 30, 2005 is in line with the trend seen in operating results.

"Net operating income" is not a measure defined by generally accepted accounting principles ("GAAP"). It is, however, a term frequently used by real estate professionals to measure the intrinsic return of a real estate portfolio. Cominar defines this measure as follows: operating income, as determined in accordance with GAAP, before interest on borrowings, depreciation of income properties and amortization of deferred expenses and other assets. Since this measure does not have a standardized meaning, it might not be comparable to similar measures presented by other issuers.

The following graphs show the growth in operating revenues and net operating income for the periods ended September 30, 2005 and 2004:

Operating Revenues and Net Operating Income



Interest on borrowings increased from \$4.5 million to \$5.2 million in the third quarter of 2005. For the nine-month period ended September 30, 2005, interest on borrowings was up 25.6%. These variations are attributable to the issue of \$100 million in convertible debentures, completed toward the end of 2004, which bears interest at an annual rate of 6.30%.

Depreciation of income properties rose 16.3% from \$3.2 million in the third quarter of 2004 to \$3.7 million in the corresponding period of 2005. On a cumulative basis, it increased 22.9% over the same period in 2004. These increases are due to acquisitions and developments completed in 2004 and 2005, as well as to CICA Handbook requirement EIC-140, under which a portion of the purchase price of an income property must be allocated to intangible assets, thereby accelerating the depreciation of income properties. However, application of this abstract has no impact on distributable income.

Net income increased from \$8.0 million in the third quarter of 2004 to \$8.3 million in the corresponding period of 2005, up 3.6%. For comparative purposes, net income for the nine-month period ended September 30, 2005 was adjusted to exclude a non recurring gain on sale of an income property of \$248,000 as a result of the sale of an income property in June 2005. For the corresponding period of 2004, net income was adjusted to exclude non recurring income of \$740,000 as a result of the settlement of a legal dispute.

The following table shows the calculation of net income with these adjustments:

Net Income

(in thousands of dollars, except per unit amounts)	Q3-2005	Q3-2004	Cumulative 2005	Cumulative 2004
Net income for the period	8,322	8,034	22,409	23,643
Gain on sale of income property	-	-	(248)	-
Income as a result of settlement of legal dispute	-	-	-	(740)
Adjusted net income	8,322	8,034	22,161	22,903
Adjusted net income per unit	0.255	0.252	0.681	0.720

On a cumulative basis, the \$100 million convertible debenture issue and CICA Handbook EIC-140 calculation requirements still have an impact on net income. Such impact diminishes from quarter to quarter as new income properties are included in Cominar's portfolio.

DISTRIBUTABLE INCOME AND DISTRIBUTIONS

Although the concept of “distributable income” is not a financial measure defined by GAAP, distributable income is a measure frequently used in the real estate market. Cominar management believes distributable income is an excellent measure by which to judge Cominar’s operating performance. Distributable income generally means net income determined in accordance with Canadian GAAP excluding depreciation of income properties, amortization of above-market leases, compensation costs related to unit options, deferred rentals and gains or losses on sale of income properties.

Distributable income for the nine months ended September 30, 2004 included income of \$740,000 as a result of the settlement of a legal dispute. Since this gain is non-recurring, we have excluded it for comparison purposes. As per the REIT’s Contract of Trust, gains on the sale of income properties are excluded from the definition of distributable income and therefore, the \$248,000 gain resulting from the sale of an income property was not included in the calculation.

The following table shows our calculation of distributable income and distributions and a reconciliation to net income according to GAAP for the periods mentioned therein:

Distributable Income and Distributions

(in thousands of dollars, except per unit amounts)	Q3 2005	Q3 2004	Cumulative 2005	Cumulative 2004
Net income for the period	8,322	8,034	22,409	23,643
Depreciation of income properties	3,748	3,223	11,070	8,989
Amortization of above-market leases	30	22	90	25
Compensation costs related to options	55	72	146	217
Gain on sale of income property	-	-	(248)	-
Deferred rentals	(337)	(360)	(1,010)	(1,029)
Distributable income for the period	11,818	10,991	32,457	31,845
Income from settlement of legal dispute	-	-	-	(740)
Adjusted distributable income	11,818	10,991	32,457	31,105
Distributions to unitholders	9,815	9,395	29,353	27,800
Weighted average number of units outstanding (basic)	32,632	31,907	32,523	31,805
Distributable income per unit (basic)	0.362	0.345	0.998	1.001
Adjusted distributable income per unit (basic)	0.362	0.345	0.998	0.978
Distributions per unit	0.300	0.294	0.900	0.870
Payout ratio	82.9	85.2	90.2	86.9
Adjusted payout ratio	82.9	85.2	90.2	89.0

As shown in the table above, distributable income in the third quarter of 2005 amounted to \$11.8 million, compared with \$11.0 million for the corresponding period in 2004, a 7.5% increase. Distributable income per unit was \$0.362 versus \$0.345 in the corresponding quarter of 2004, a 4.9% increase.

For the first nine months of 2005, adjusted distributable income amounted to \$32.5 million, compared with \$31.1 million for the corresponding period in 2004, while adjusted distributable income per unit rose from \$0.978 to \$0.998.

Distributions to unitholders increased 4.5% to \$9.8 million, up from \$9.4 million in the third quarter of 2004. For the nine-month period ended September 30, 2005, distributions to unitholders stood at \$29.4 million, an increase of 5.6% over the same period in 2004.

RENTAL ACTIVITIES

As at September 30, 2005, Cominar showed an occupancy rate of 95.3%, in line with occupancy levels of June 30, 2005 and September 30, 2004.

Trend in Occupancy Rate by Sector (%)

Sector	Sept. 30, 2005	June 30, 2005	Sept. 30, 2004
Office	95.1	94.7	95.1
Retail	95.1	95.2	95.1
Industrial and Mixed-Use	95.5	95.3	95.1
Total Portfolio	95.3	95.1	95.1

As at September 30, 2005, leases for the equivalent of 782,912 square feet expiring in 2005 had already been renewed. New leases had also been signed for approximately 527,880 square feet in leasable area. In addition, renewals showed, on average, depending on the sector, an increase of 2% to 8% in rental rates. It is also important to note that every year since Cominar's inception, the total new and renewed leases have always exceeded the expiring leases.

Expiries, Renewals and New Leases

As at September 30, 2005

Expiring leases (sq. ft.)	Renewals (sq. ft.)	New leases (sq. ft.)	Total renewals and new leases (sq. ft.)
1,070,599	782,912	527,880	1,310,792

LIQUIDITY AND CAPITAL RESOURCES

Funds From Operations

While the concept of "funds from operations" ("FFO") is not a financial measure defined by GAAP, it is widely used in the real estate sector. Cominar defines this measure as net income (computed in accordance with GAAP), excluding gains (or impairment provisions and losses) from sales of depreciable real estate and extraordinary items, plus depreciation of income properties and amortization of deferred leasing costs.

Cominar considers FFO a meaningful additional measure of operating performance as it primarily rejects the assumption that the value of real estate investments diminishes predictably over time and adjusts for items included in GAAP net income that may not necessarily be the best determinants of the REIT's operating performance (such as gains or losses on the sale of income properties).

The following table shows our calculation of FFO and a reconciliation to net income according to GAAP for the periods mentioned therein. We believe that the \$740,000 in income generated by the settlement of a legal dispute in the second quarter of 2004 must, due to its non-recurring nature, be deducted from the calculation of FFO in order to appropriately compare Cominar's results for 2004 and 2005.

Funds from Operations

(in thousands of dollars, except per unit amounts)	Q3 2005	Q3 2004	Cumulative 2005	Cumulative 2004
Net income for the period	8,322	8,034	22,409	23,643
Depreciation of income properties	3,748	3,223	11,070	8,989
Amortization of deferred leasing costs	1,355	1,113	4,038	3,781
Gain on sale of an income property	-	-	(248)	-
FFO	13,425	12,370	37,269	36,413
Revenue from settlement of legal dispute	-	-	-	(740)
Adjusted FFO	13,425	12,370	37,269	35,673
Weighted average number of units outstanding (basic)	32,632	31,907	32,523	31,805
Weighted average number of units outstanding (diluted)	33,183	32,140	33,073	32,039
FFO per unit (basic)	0.412	0.388	1.146	1.145
FFO per unit (diluted)	0.405	0.385	1.127	1.137
Adjusted FFO per unit (basic)	0.412	0.388	1.146	1.122
Adjusted FFO per unit (diluted)	0.405	0.385	1.127	1.113

As the table above demonstrates, FFO for the three months ended September 30, 2005 increased by 8.5% over the third quarter of 2004 to reach \$13.4 million. Year-to-date, adjusted FFO were \$37.3 million compared to \$35.7 million in 2004, a 4.5% increase. On a per-unit basis, adjusted FFO increased in the third quarter of 2005 and the first nine months of the year to \$0.412 and \$1.146, respectively.

Cominar cautions readers that its method of calculating FFO may differ from other issuers' methods and may not be comparable to FFO reported by other issuers.

INDEBTEDNESS

As at September 30, 2005, Cominar posted a debt to gross book value ratio (defined as the total of long term debt and bank indebtedness divided by gross book value (total asset value plus accumulated depreciation and amortization), of 49.6%. Under the terms of its Contract of Trust, Cominar is limited to a debt to gross book value of 60%. However, in accordance with its conservative debt management policy, Cominar prefers to keep this ratio below 55%, leaving it with an acquisition capacity of approximately \$90 million at the end of the second quarter. At a 60% debt to gross book value level, Cominar's acquisition capacity would be \$195 million.

FINANCING ACTIVITIES

As at September 30, 2005, the combined weighted average interest rate of Cominar's mortgages and convertible debentures was 6.23%, compared to 6.21% as at June 30, 2005. The following table summarizes Cominar's material contractual obligations as at September 30, 2005:

Balance due on mortgages payable and convertible debentures as at September 30, 2005:

<u>Year ended December 31,</u>	<u>Amount</u>	<u>Weighted average</u>
	<u>(thousands of \$)</u>	<u>interest rate (%)</u>
2005	10,169	4.50
2006	33,813	6.29
2007	47,293	5.96
2008	125,592	6.06
2009 and thereafter	137,651	6.58
	354,518	6.23

REAL ESTATE PORTFOLIO

Acquisitions

In July 2005, Cominar completed the acquisition of an industrial and mixed-use building with 35,749 square feet of leasable space in Quebec City. The total purchase price was \$1.2 million. Cominar plans to renovate and expand the building by 31,000 square feet at a cost of approximately \$1.7 million.

Cominar also acquired 80,000 square feet of land in Quebec City in July 2005 at a cost of \$320,000. The REIT plans to build a 30,000 square foot industrial and mixed-use building at an estimated cost of \$1.6 million.

Completed Developments

In the last nine-month period, Cominar completed the development of one of the three properties comprised in the Highway 440 Project, a 46,740 square foot industrial and mixed-use building representing a \$3.3 million investment, as well as the renovation of a 100% leased, 32,500 square foot industrial and mixed-use building in Lachine, Quebec at an approximate cost of \$800,000.

Ongoing and Upcoming Development Projects

Cominar currently has 11 development projects at various stages of completion involving 14 properties and encompassing 838,000 square feet of leasable space. These projects represent a total investment of approximately \$50.4 million.

Most of Cominar's major development projects are carried out in phases, a prudent measure that allows us to better gauge demand and therefore reduce the risks associated with any one project in particular. To date, all our development projects are advancing well and according to plan and are meeting our objectives.

Ongoing Development Projects

Ongoing development projects include the following:

- Construction of three industrial and mixed-use properties in Quebec City representing 185,000 square feet of leasable area. The first building has 35,000 square feet in leasable area and is almost 100% leased. It should be integrated into the portfolio as of the last quarter of 2005. Construction of a second building representing 105,000 square feet of leasable area has been completed. The main floor of the building is almost completely leased and 62% of the overall building has been leased. Cominar is in negotiation for the remainder of the space and tenants have progressively begun occupying the premises. Construction of Phase 3 of the project, representing a leasable area of 45,000 square feet, is underway. The property is 78% leased and will be occupied by December 1, 2005

- Construction of Highway 440 project, which includes three industrial and mixed-use buildings in Laval with 270,240 square feet of leasable space. A first building, which has 46,740 square feet of leasable area, is finished and 100% leased, and was integrated into the portfolio in the first quarter of 2005. Construction of a second building with 117,000 square feet of leasable area is also complete. The main floor is entirely leased and the entire building is 73% leased. Cominar is currently building a third property of 106,500 square feet, which is already 14% leased, a very satisfying level given the advancement of construction
- A 123,400 square foot development at *Les Promenades Beauport* shopping center in Quebec City, representing a \$7.8 million investment, including the construction of a 24,000 square foot building. Construction has been completed and clients of the 24,000 square foot building, which is 100% leased, started occupying the premises during the third quarter. Overall, the section under development is 92% leased and most tenants already occupy the premises. This development project should be integrated into the portfolio in the fourth quarter of 2005
- A 76,000 square foot expansion at the *Carrefour Charlesbourg* shopping center, representing a \$9.8 million investment, of which 97% has already been leased. This portion should be integrated into the portfolio in the last quarter of 2005
- Construction of an 8,500 square foot retail building at the intersection of the two main thoroughfares in Lévis, Quebec. The estimated construction cost for this building is \$630,000 and the capitalization rate is 10.5%. The building is 100% leased for a term of 15 years to a government corporation. Construction has ended and the tenant is already occupying the premises. This development project will be integrated into the portfolio in the fourth quarter of 2005

Upcoming Development Projects

The construction of the majority of Cominar's upcoming development projects should begin in the fall of 2005 and include the following:

- The 8,000 square foot expansion and renovation of a recently purchased 14,800 square foot industrial and mixed-use property in Laval, Quebec, which represents a \$350,000 investment
- The 37,600 square foot expansion of an industrial and mixed-use building of 100,805 square feet in Longueuil, Quebec, near highways 20 and 30. The estimated cost of this expansion is \$1.7 million and the capitalization rate is 10.8%. Work should be completed around summer 2006
- Construction of a 36,000 square foot office building on land adjacent to *Les Promenades Beauport* for a \$2.6 million investment at a 10.7% capitalization rate
- Renovation and 31,150 square foot expansion of a 35,749 square foot industrial and mixed-use property acquired in July 2005 in Quebec City. The cost of this renovation and expansion work is estimated at \$1,7 million

These acquisitions and developments fully fit Cominar's current growth strategy which, given the sustained increases in property prices over the past few years, stepped up the development of those of its properties offering strong potential for increased returns while pursuing our search of properties meeting our profitability criteria. Year after year, Cominar remains focused on profitable growth in order to increase the value of its real estate portfolio and provide its unitholders with increasing and attractive returns.

UNITS ISSUED AND OUTSTANDING

As at September 30, 2005, there were 32,708,487 units issued and outstanding compared with 32,596,880 at the beginning of the quarter. The increase is a result of the issue of 22,100 units from options exercised, 12,670 units from the distribution reinvestment plan and 76,837 units from the conversion of convertible debentures.

RELATED-PARTY TRANSACTIONS

Jules Dallaire, Chairman of the Board of Trustees and trustee, Michel Dallaire, trustee and a member of Cominar's management team, and Alain Dallaire, a member of the REIT's management team, exercise indirect control over *Dalton Inc.* and *Corporation Financière Alpha (CFA) Inc.* Michel Paquet, also a trustee and member of Cominar's management team, acts as an officer of these companies.

During the three-month period ended September 30, 2005, Cominar received net rental revenues of \$387,000 from *Dalton inc.* and *Corporation Financière Alpha (CFA) inc.* Cominar incurred expenditures of \$1.4 million for leasehold improvements performed for its tenants by *Dalton inc.* and \$5.7 million for the construction of properties and development projects.

Using the services of related companies for property construction work and leasehold improvements enables Cominar to achieve savings while providing better service to its clients.

OUTLOOK

Despite the fact that commercial property prices remain high and that our volume of acquisitions should be lower than originally forecast, we remain confident of ending fiscal 2005 on a solid note. Our current portfolio of high quality and well-located properties provides us with a strong base to continue delivering increasing returns to unitholders. We consistently work toward aggressively managing our costs and improving our operations. Occupancy rates for the properties in our portfolio are stable, and demand for commercial space remains strong in the two markets where we operate. In addition, our development projects all show capitalization rates higher than most in the property market, thereby favoring greater profitability in the long run.

RISKS AND UNCERTAINTIES

Like any real estate entity, Cominar is exposed to certain risk factors in its normal course of business.

Operational Risk

All property investments carry risk, such as market demand, which is affected by economic conditions, and competition from vacant premises.

The rental value of real estate holdings can also depend on tenants' solvency and financial stability as well as the economic conditions prevailing in the communities where they do business and provide services.

The primary risk facing Cominar lies in a potential decline in its rental income. However, this risk is minimized by the diversification of its portfolio, which brings more certainty to foreseeable cash flows. This risk is also reduced by the fact that tenants occupy an average area of about 6,200 square feet.

As a fully integrated real estate investment trust, Cominar can also exercise tighter preventive control over its operations while developing a relationship of trust with its clients and improving its operational and financial performance.

Debt and Refinancing

Cominar has spread the maturities of its mortgages payable over several years to reduce the risks related to their renewal or an increase in interest rates. An amount of \$10.2 million in mortgages bearing interest at a rate of 0.25% above prime rate expiring on November 1, 2005 was renewed for a six-month period.

Environmental Risk

By their very nature, Cominar's assets and business are not subject to a high environmental risk. In accordance with the operating principles stipulated in its Contract of Trust, Cominar must conduct an environmental audit before acquiring a new property. Environmental audits are conducted on its existing properties, when deemed appropriate.

In its leases, Cominar requires that tenants conduct their business in compliance with environmental legislation, and that they be held responsible for any damage resulting from their use of the leased premises.

Unitholder's Liability

Under the heading "Operating Principles", the Contract of Trust states that any written document identifying an immovable hypothec or, in the opinion of the trustees, an important obligation, must contain terms limiting liability to Cominar's assets exclusively, and specifying that no recourse may be taken against unitholders.

Potential Changes Relating to Trusts

In September 2005, the Government of Canada issued a consultation paper stating its intention to assess the tax and economic efficiency implications of income trusts and limited partnerships publicly listed on a Canadian Stock Exchange to determine if the current tax system is appropriate or should be modified. As of the date of this report, we are not aware if potential changes will have an impact on real estate investment trusts.

ADDITIONAL INFORMATION

Additional information relating to Cominar, including the Annual Report and Annual Information Form, is available on SEDAR at www.sedar.com.

COMINAR REAL ESTATE INVESTMENT TRUST

CERTIFICATION OF INTERIM FILINGS

We, Michel Dallaire, President and Chief Executive Officer and Michel Berthelot, CA, Executive Vice-President and Chief Financial Officer of Cominar Real Estate Investment Trust, certify that:

1. We have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of "Cominar Real Estate Investment Trust" for the interim period ending September 30, 2005.
2. Based on our knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. Based on our knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.

November 9, 2005



Michel Dallaire, P.Eng.
*President and
Chief Executive Officer*



Michel Berthelot, CA
*Executive Vice-President and
Chief Financial Officer*

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)	As at September 30, 2005 (unaudited) \$	As at December 31, 2004 (audited) \$
Assets		
Income properties [note 3]	639,192	640,889
Properties under development [note 4]	31,241	20,967
Deferred expenses and other assets [note 5]	26,812	26,736
Prepaid expenses	7,210	2,010
Accounts receivable	10,259	6,878
Cash and cash equivalents	-	8,174
	<u>714,714</u>	<u>705,654</u>
Liabilities and Unitholders' Equity		
Liabilities		
Mortgages payable [note 6]	256,063	262,247
Convertible debentures [note 7]	98,455	100,000
Bank indebtedness [note 8]	19,949	-
Accounts payable and accrued liabilities	16,073	18,388
Distributions payable to unitholders	3,271	3,551
	<u>393,811</u>	<u>384,186</u>
Unitholders' equity		
Unitholders' contributions [note 9]	334,729	328,433
Cumulative net income	175,545	153,136
Cumulative distributions	(189,706)	(160,353)
Contributed surplus [note 9]	335	252
	<u>320,903</u>	<u>321,468</u>
	<u>714,714</u>	<u>705,654</u>

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

Period ended September 30, (unaudited, in thousands of dollars)	Quarter		Cumulative (nine months)	
	2005 \$	2004 \$	2005 \$	2004 \$
Unitholders' contributions				
Balance, beginning of period	332,843	323,190	328,433	320,604
Issue of units [note 9]	1,886	683	6,296	3,269
Balance, end of period	<u>334,729</u>	<u>323,873</u>	<u>334,729</u>	<u>323,873</u>
Cumulative net income				
Balance, beginning of period	167,223	137,210	153,136	121,640
Change in accounting policy	-	-	-	(39)
Net income for the period	8,322	8,034	22,409	23,643
Balance, end of period	<u>175,545</u>	<u>145,244</u>	<u>175,545</u>	<u>145,244</u>
Cumulative distributions				
Balance, beginning of period	(179,891)	(141,052)	(160,353)	(122,647)
Distributions to unitholders	(9,815)	(9,395)	(29,353)	(27,800)
Balance, end of period	<u>(189,706)</u>	<u>(150,447)</u>	<u>(189,706)</u>	<u>(150,447)</u>
Contributed surplus [note 9]				
Balance, beginning of period	287	184	252	-
Change in accounting policy	-	-	-	39
Unit option plan	48	72	83	217
Balance, end of period	<u>335</u>	<u>256</u>	<u>335</u>	<u>256</u>
Unitholders' equity	<u>320,903</u>	<u>318,926</u>	<u>320,903</u>	<u>318,926</u>

See accompanying notes to consolidated financial statements

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF INCOME

Period ended September 30, (unaudited, in thousands of dollars except per unit amounts)	Quarter		Cumulative (nine months)	
	2005	2004	2005	2004
	\$	\$	\$	\$
Operating revenues				
Rental revenue				
from income properties	29,812	27,108	90,889	82,341
Operating expenses				
Operating costs	5,544	4,964	18,313	16,730
Realty taxes and services	4,935	4,602	17,367	15,249
Property management expenses	299	264	960	864
	10,778	9,830	36,640	32,843
Operating income before the undernoted:	19,034	17,278	54,249	49,498
Interest on borrowings	5,180	4,473	15,725	12,517
Depreciation of income properties	3,748	3,223	11,043	8,989
Amortization of deferred expenses and other assets	1,391	1,155	4,144	3,921
	10,319	8,851	30,912	25,427
Operating income from real estate assets	8,715	8,427	23,337	24,071
Trust administrative expenses	466	449	1,366	1,423
Other income	73	56	181	995
Income before discontinued operations	8,322	8,034	22,152	23,643
Income from discontinued operations [note 17]	—	—	257	—
Net income for the period	8,322	8,034	22,409	23,643
Basic net income per unit [note 11]	0.255	0.252	0.689	0.743
Diluted net income per unit [note 11]	0.251	0.250	0.678	0.738

See accompanying notes to consolidated financial statements.

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

Period ended September 30, (unaudited, in thousands of dollars)	Quarter		Cumulative (nine months)	
	2005	2004	2005	2004
	\$	\$	\$	\$
Operating Activities				
Net income for the period	8,322	8,034	22,409	23,643
Adjustments:				
Depreciation of income properties	3,748	3,223	11,070	8,989
Amortization of above-market leases	30	22	90	25
Amortization of deferred leasing costs	1,355	1,113	4,038	3,781
Amortization of deferred financing costs and other assets	174	92	520	257
Compensation costs related to unit option plan [note 9]	55	72	146	217
Gain on sale of an income property	-	-	(248)	-
Leasing costs	(1,543)	(2,800)	(4,320)	(4,850)
Change in non-cash operating working capital items [note 13]	4,875	2,623	(2,583)	(10,023)
	<u>17,016</u>	<u>12,379</u>	<u>31,122</u>	<u>22,039</u>
Financing Activities				
Repayments of mortgages payable	(2,459)	(15,960)	(7,211)	(21,110)
Bank indebtedness	3,070	(19,754)	19,949	-
Net proceeds from issue of convertible debentures	-	96,250	-	96,250
Distributions to unitholders	(9,801)	(9,395)	(29,633)	(24,650)
Net proceeds from issue of units [note 9]	542	682	4,688	3,268
	<u>(8,648)</u>	<u>51,823</u>	<u>(12,207)</u>	<u>53,758</u>
Investing Activities				
Acquisitions of income properties	(7,758)	(55,627)	(14,522)	(91,659)
Net proceeds from disposition of an income property	-	-	675	-
Acquisitions of properties under development	(578)	4,850	(13,099)	(4,355)
Other assets	(32)	(213)	(143)	(231)
	<u>(8,368)</u>	<u>(50,990)</u>	<u>(27,089)</u>	<u>(96,245)</u>
Net change in cash and cash equivalents	-	13,212	(8,174)	(20,448)
Cash and cash equivalents, beginning of period	-	-	8,174	33,660
Cash and cash equivalents, end of period	<u>-</u>	<u>13,212</u>	<u>-</u>	<u>13,212</u>

See accompanying notes to consolidated financial statements

COMINAR REAL ESTATE INVESTMENT TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Period ended September 30, 2005
(unaudited, in thousands of dollars, except per unit amounts)

1. Description of the Trust

Cominar Real Estate Investment Trust ("Cominar") is an unincorporated closed-end investment trust created by a contract of trust on March 31, 1998, under the laws of the Province of Quebec.

2. Significant Accounting Policies

Basis of presentation

Cominar's interim consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles ("GAAP") and the accounting policies and methods of their application follow those used in the annual audited consolidated financial statements as at December 31, 2004.

Consolidation

These interim consolidated financial statements include the accounts of Cominar and its wholly-owned subsidiary, Les Services Administratifs Cominar Inc.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates that affect the amounts of assets and liabilities reported in the financial statements. Those estimates also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Revenue recognition

Rental revenue from income properties includes rents from tenants under leases, realty taxes and operating cost recoveries, lease cancellation fees, parking income and incidental income.

Rental revenue from leases with contractual rent increases are recognized based on the straight-line method.

Income properties and properties under development

Income properties are stated at cost. Cost includes acquisition costs and improvements to income properties. With respect to income properties acquired after September 12, 2003, a portion of the purchase price, where applicable, is allocated to operating leases, customer relationships and leasehold improvements and is described as an intangible asset amortized on a straight-line basis over the term of the related lease.

Depreciation of buildings is recorded using the straight-line method in order to fully amortize the cost of buildings over 40 years.

Properties under development are stated at cost. Cost includes initial acquisition costs, other direct costs, realty taxes, interest related to their financing and all operating revenues and expenses during the development period.

Capitalization of costs to properties under development continues until the property reaches its accounting completion date, the determination of which is based on achieving a satisfactory occupancy level.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset with its expected future net undiscounted cash flows from use together with its residual value. If Cominar considers such assets to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value.

Deferred expenses and other assets

Deferred expenses and other assets mainly consist of leasing costs such as leasehold improvements realized through operating activities and other expenses, including tenant inducements and leasing commissions. These expenses are deferred and amortized on a straight-line basis over the terms of the related leases. Financing costs are deferred and amortized on a straight-line basis over the terms of the related loans.

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and short term investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Unit option plan

Cominar has a unit option plan which is described in note 9. Cominar recognizes compensation expense when unit options are granted to trustees and employees with no cash settlement features.

Per unit results

Basic net income per unit is calculated based on the weighted average number of units outstanding for the period. The calculation of net income per unit on a diluted basis considers the potential exercise of outstanding unit purchase options and the potential conversion of debentures.

3. Income Properties

	As at September 30, 2005 \$	As at December 31, 2004 \$
Land	87,625	87,533
Buildings	583,734	574,404
Intangible assets	7,474	7,474
	678,833	669,411
Accumulated depreciation and amortization	39,641	28,522
	639,192	640,889

4. Properties Under Development

As at September 30, 2005, Cominar capitalized \$1,468 in interest to properties under development, some of which are classified under income properties at period-end.

5. Deferred Expenses and other Assets

	As at September 30, 2005 \$	As at December 31, 2004 \$
At amortized cost		
Leasing costs	22,111	21,658
Financing costs	4,034	4,442
Other assets	667	636
	26,812	26,736

6. Mortgages Payable

Mortgages payable are secured by income properties stated at a net book value of \$429,001 [\$432,330 as at December 31, 2004]. They bear interest at rates ranging from 4.50% to 11.00% per annum [4.25% to 11.00% as at December 31, 2004] representing a weighted-average year-end rate of 6.20% [6.32% as at December 31, 2004] and are renewable at various dates from November 2005 to January 2019.

As at September 30, 2005, mortgage repayments were as follows:

	Principal repayments \$	Balance due at maturity \$	Total \$
Periods ending December 31,			
2005	2,409	10,127	12,536
2006	9,435	32,588	42,023
2007	7,693	43,162	50,855
2008	3,025	115,070	118,095
2009	2,382	-	2,382
2010 and thereafter	15,566	14,606	30,172
	40,510	215,553	256,063

Fixed rate mortgages payable amount to \$224,395 [\$239,888 as at December 31, 2004] and variable rate mortgages to \$31,668 [\$22,359 as at December 31, 2004].

7. Convertible Debentures

On September 17, 2004, Cominar completed a public offering of 100,000 convertible unsecured subordinated debentures bearing interest at the annual rate of 6.30%, for total gross proceeds of \$100,000. The debentures mature on June 30, 2014 and interest is paid semi-annually on June 30 and December 31. Each debenture is convertible, at the holder's option, into Cominar units at any time prior to the earlier of the maturity date and the last business day immediately preceding the date set by Cominar for redemption at a conversion price of \$17.40 per unit. The debentures are not redeemable before June 30, 2008. Beginning June 30, 2008, and prior to June 30, 2010, the debentures may be redeemed in whole or in part, at Cominar's option, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted-average trading price of the units on the Toronto Stock Exchange (TSX) for a period of 20 consecutive days exceeds 125% of the conversion price. Subsequent to June 30, 2010, and prior to the maturity date, the debentures may be redeemed in whole or in part at Cominar's option at a price equal to their principal amount plus accrued and unpaid interest.

Cominar may satisfy its obligation to repay principal of the debentures by issuing units of Cominar. In the event that Cominar elects to satisfy its obligation by repaying the principal with units of the Trust, it must issue units equal to 95% of the volume-weighted-average trading price of the units on the TSX during the period of 20 consecutive trading days ending on the fifth trading day preceding the scheduled redemption date or the maturity date.

In accordance with the CICA Handbook Section 3860, convertible debentures have been recorded as liabilities on the balance sheet and interest has been charged to interest on borrowings on the statement of income. Debentures issue costs are amortized over a 10-year period and the amortization is recorded under interest on borrowings. As the valuation of the unitholders' equity component of the conversion option did not have a material impact on Cominar's consolidated results, the debentures have been recorded in whole as liabilities.

As at September 30, 2005, 1,545 convertible debentures had been converted at a conversion price of \$17.40 per unit.

8. Bank Indebtedness

Cominar has a number of operating and acquisition credit facilities of up to \$65,865 [\$65,865 as at December 31, 2004]. These credit facilities, subject to annual renewal, bear interest between prime rate and prime rate plus 0.50% [prime rate and prime rate plus 0.50% as at December 31, 2004]. Certain credit facilities totaling \$62,865 [\$62,865 as at December 31, 2004] are secured by movable and immovable hypothecs on specific assets. As at September 30, 2005, the prime rate was 4.50% [4.25% as at December 31, 2004].

9. Issued and Outstanding Units

The ownership interests in Cominar are represented by a single class of units. The aggregate number of units which Cominar may issue is unlimited. Units represent a unitholder's proportionate and undivided ownership interest in Cominar. Each unit confers the right to one vote at any meeting of unitholders and to participate equally and ratably in any distributions by Cominar.

During the nine-month period ended September 30, 2005, Cominar issued 424,078 units, 88,790 of which were issued pursuant to the conversion of convertible debentures. The balance (335,288 units) represented net proceeds received of \$4,688 [298,980 units for net proceeds received of \$3,268 in 2004].

	Three-month period ended September 30, 2005	Nine-month period ended September 30, 2005
Units issued and outstanding, beginning of period	32,596,880	32,284,409
Issued from options exercised	22,100	288,000
Issued under distribution reinvestment plan	12,670	47,288
Issued from conversion of convertible debentures	76,837	88,790
Units issued and outstanding, end of period	32,708,487	32,708,487

Unit option plan

Under a unit option plan, Cominar granted options to purchase units to the trustees, management and employees of Cominar. The maximum number of units reserved for issuance under the terms of the plan is 3,160,000 units. The options are exercisable on a cumulative basis as follow: 25% of the options after each of the four first anniversary dates of the grant for options granted April 8, 2005; 20% of the options after each of the five first anniversary dates of the grant for options granted November 13, 2003; and 33 1/3% of the options after each of the three first anniversary dates of the grant for options granted before November 13, 2003. The exercise price of options equals the closing market price of Cominar's units the day preceding the date of the grant, and the options have a maximum term of seven years.

	Three-month period ended September 30, 2005 Weighted-average		Nine-month period ended September 30, 2005 Weighted-average	
	Options	exercise price \$	Options	exercise price \$
Outstanding, beginning of period	2,541,100	14.25	2,563,000	13.86
Exercised	(22,100)	13.73	(288,000)	13.21
Granted	-	-	244,000	17.12
Outstanding, end of period	2,519,000	14.25	2,519,000	14.25
Options exercisable, end of period	107,000	12.85	107,000	12.85

As at September 30, 2005

Date of grant	Maturity date	Exercise price \$	Outstanding options	Options exercisable
August 9, 2001	August 9, 2006	11.00	41,000	41,000
November 13, 2003	November 13, 2010	14.00	2,234,000	66,000
April 8, 2005	November 13, 2010	17.12	244,000	-
			2,519,000	107,000

Unit-based compensation plan

The compensation costs associated with the options granted on April 8, 2005 were calculated using the Black-Scholes option pricing model, assuming volatility of 13.5% on the underlying units, a fixed exercise price of \$17.12, a weighted-average distribution yield of approximately 7.58% and a weighted-average risk-free interest rate of approximately

3.78%, and for the options granted on November 13, 2003, assuming volatility of 11.7%, a fixed exercise price of \$14, a weighted-average distribution yield of approximately 8.74% and a weighted-average risk-free interest rate of approximately 4.21%.

Compensation costs are amortized using the graded vesting method.

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options and awards which have no restrictions. In addition, option pricing models require the input of highly subjective assumptions, including the expected stock price volatility. Because the unit options of Cominar's trustees and employees have characteristics significantly different from those of traded options, and because changes in subjective input assumptions can materially affect fair value estimates, the existing models do not, in management's opinion, necessarily provide a reliable single measure of the fair value of the unit options of its trustees and employees.

Distribution reinvestment plan

Cominar adopted a distribution reinvestment plan under which unitholders may elect to have all cash distributions of Cominar automatically reinvested in additional units. The plan provides plan participants a number of units amounting to 105% of the cash distribution. During the nine-month period ended September 30, 2005, 47,288 units [117,314 in 2004] were issued at a weighted-average price of \$18.07 [\$14.80 in 2004] pursuant to the distribution reinvestment plan.

10. Income Taxes

Cominar is taxed as a "Mutual Fund Trust" for income tax purposes. Pursuant to the Contract of Trust, the trustees intend to distribute or designate all taxable income directly earned by Cominar to unitholders of Cominar and to deduct such distributions and designations for income tax purposes. Therefore, no provision for income taxes is required.

11. Per-unit Results

The following table provides a reconciliation of the weighted average number of units outstanding used to calculate basic and diluted net income per unit.

Period ended September 30,	Quarter		Cumulative (nine months)	
	2005	2004	2005	2004
Weighted-average number of units outstanding – basic	32,631,991	31,907,224	32,522,637	31,805,283
Effect of dilutive unit options	550,564	233,250	550,564	233,250
Weighted-average number of units outstanding - diluted	33,182,555	32,140,474	33,073,201	32,038,533

The possible issuance of units under convertible debentures has an anti-dilutive effect on the calculation of the diluted net income per unit.

12. Distributable Income per Unit

Cominar is governed by a Contract of Trust that requires it to distribute 85% or more of its distributable income to unitholders. Distributable income generally means net income determined in accordance with Canadian GAAP excluding depreciation of income properties, amortization of above-market leases, compensation costs related to unit options, deferred rentals and gains or losses on sale of income properties.

Distributable income is not a GAAP measurement and is not an alternative to net income determined in accordance with GAAP to assess Cominar's performance. Cominar's method of calculating distributable income may differ from that used by other trusts and accordingly, might not be comparable to similar measures presented by other issuers.

Distributable income has been calculated under the Contract of Trust as follows:

Period ended September 30,	Quarter		Cumulative (nine months)	
	2005	2004	2005	2004
	\$	\$	\$	\$
Net income for the period	8,322	8,034	22,409	23,643
Add (deduct):				
Depreciation of income properties	3,748	3,223	11,070	8,989
Amortization of above-market leases	30	22	90	25
Compensation costs related to unit options	55	72	146	217
Deferred rentals	(337)	(360)	(1,010)	(1,029)
Gain on sale of an income property	-	-	(248)	-
Distributable income for the period	11,818	10,991	32,457	31,845
Retention of distributable income	2,003	1,596	3,104	4,045
Distributions to unitholders	9,815	9,395	29,353	27,800
Distributable income per unit	0.362	0.345	0.998	1.001
Distributions per unit	0.300	0.294	0.900	0.870

13. Supplemental Cash Flow Information

Changes in non-cash operating working capital items are as follows:

Period ended September 30,	Quarter		Cumulative (nine months)	
	2005	2004	2005	2004
	\$	\$	\$	\$
Prepaid expenses	745	2,373	(5,200)	(4,217)
Accounts receivable	402	111	(1,356)	(1,106)
Accounts payable and accrued liabilities	3,728	139	3,973	(4,700)
	4,875	2,623	(2,583)	(10,023)
Additional information				
Interest paid	4,017	7,081	15,272	15,055
Unpaid leasing costs	596	-	596	-
Acquisitions of income properties and properties under development by assumption of mortgages payable	-	6,725	1,027	18,062
Unpaid acquisitions of income properties and properties under development	2,813	2,943	2,813	2,943
Properties under development transferred to income properties	-	859	756	4,143

14. Related Party Transactions

During the year, Cominar entered into transactions with companies controlled by unitholders who are also members of the Trust's management. These transactions, conducted in the normal course of business, have been measured at the exchange amounts and have been reflected in the financial statements as follows:

Period ended September 30,	Quarter		Cumulative (nine months)	
	2005	2004	2005	2004
	\$	\$	\$	\$
Rental revenue from income properties	387	312	945	970
Other income	70	123	237	365
Income properties and properties under development	5,680	4,828	19,732	20,701
Deferred expenses and other assets	1,376	1,489	3,828	3,775
Accounts receivable	-	-	382	374
Accounts payable and accrued liabilities	-	-	5,016	2,273

15. Financial Instruments

Cominar is exposed to financial risks that arise from fluctuations in interest rates and in the credit quality of its tenants.

Interest rate risk

Accounts receivable and accounts payable and accrued liabilities bear no interest.

The interest rates on mortgages payable, convertible debentures and bank indebtedness are described in notes 6, 7 and 8, respectively.

Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Cominar mitigates this risk via geographic and sector diversification of its portfolio and a varied tenant mix.

Fair value

The fair value of Cominar's financial assets and liabilities, such as accounts receivable, cash and cash equivalents, accounts payable and accrued liabilities and distributions payable to unitholders, approximated the carrying value as at September 30, 2005 due to their short-term nature.

As at September 30, 2005, the fair value of mortgages payable exceeded the carrying value by approximately \$6,729 [\$7,379 as at December 31, 2004] due to changes in interest rates since the dates on which the individual mortgages payable were obtained. The fair value of mortgages payable has been estimated based on current market rates for mortgages of similar terms and maturities.

As at September 30, 2005, the fair value of the convertible debentures approximates its carrying value in light of current market rates for debentures with similar terms and maturities.

16. Segmented Information

Cominar's activities encompass three property types located entirely in the Province of Quebec. The accounting policies related to each property type are the same as those disclosed in the significant accounting policies. The following table indicates the financial information related to these property types:

Three-month period ended September 30, 2005

	Office properties \$	Retail properties \$	Industrial and mixed-use properties \$	Total \$
Rental revenue from income properties	10,857	9,884	9,071	29,812
Depreciation of income properties	1,517	1,186	1,045	3,748
Net operating income (1)	6,515	6,140	6,379	19,034

Three-month period ended September 30, 2004

	Office properties \$	Retail properties \$	Industrial and mixed-use properties \$	Total \$
Rental revenue from income properties	9,385	9,398	8,325	27,108
Depreciation of income properties	1,187	1,078	958	3,223
Net operating income (1)	5,713	5,775	5,790	17,278

Nine-month period ended September 30, 2005

	Office properties \$	Retail properties \$	Industrial and mixed-use properties \$	Total \$
Rental revenue from income properties	32,866	29,128	28,895	90,889
Depreciation of income properties	4,478	3,471	3,094	11,043
Net operating income (1)	19,670	16,848	17,731	54,249
Income properties	246,863	204,203	188,126	639,192

Nine-month period ended September 30, 2004

	Office properties \$	Retail properties \$	Industrial and mixed-use properties \$	Total \$
Rental revenue from income properties	27,407	28,584	26,350	82,341
Depreciation of income properties	3,214	3,165	2,610	8,989
Net operating income (1)	16,690	16,389	16,419	49,498
Income properties	236,234	202,759	185,438	624,431

(1) Net operating income is defined as operating income before interest, depreciation, amortization, Trust administrative expenses and other income.

17. Discontinued Operations

During the nine-month period ended September 30, 2005, Cominar sold an industrial and mixed-use property for a consideration of \$2,700 of which \$675 was paid cash. The remaining \$2,025, bearing interest at 6%, will be cashable September 2006. A gain on sale of \$248 was realized.

The following table indicates the financial reporting related to the property sold, pursuant to CICA handbook section 3475, "Disposal of Long-lived Assets and Discontinued Operations."

Period ended September 30,	Quarter		Cumulative (nine months)	
	2005	2004	2005	2004
	\$	\$	\$	\$
Net operating income	-	-	36	-
Depreciation of income properties	-	-	(27)	-
Net income	-	-	9	-
Gain on sale	-	-	248	-
Income from discontinued operations	-	-	257	-
Basic net income per unit	-	-	0.008	-
Diluted net income per unit	-	-	0.008	-

18. Comparative Figures

Certain of the September 30, 2004 figures have been reclassified to facilitate comparison with the current year.

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